

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

**CODE OF VIRGINIA
§ 45.1-361.26**

VIRGINIA:

BEFORE THE GAS AND OIL BOARD

APPLICANTS:

EQT Production Company on behalf of Bobby C Rose
Sr. and Range Resources-Pine Mountain Inc. seeking
disbursement of funds in a **portion of Tract 2**.

DOCKET NO.

07-1218-2100-01

**RELIEF
SOUGHT:**

Issuance: A Supplemental Order for Disbursement of Escrowed Funds
Action: Amending Prior Orders Affecting Drilling **VC-536517**,
A portion of Tract 2
(Referenced herein as "the Subject Drilling Unit")

Location: Russell County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit **VC-536517** by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling Unit's

REPORT OF THE BOARD

FINDINGS AND ORDER

1. **Hearing Date and Place:** This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on January 19, 2010 at the Russell County Government, Conference Center in Lebanon, VA.
2. **Appearances:** Mr. James E Kaiser Esq. of Wilhoit and Kaiser, Attorneys at Law, appeared for the Unit Operator; and Sharon M.B. Pigeon, Assistant Attorney General, was present to advise the Board.
3. **Jurisdiction and Notice:** Pursuant to Va. Code §§ 45.1-361.1 *et seq.*, and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract sub accounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract sub accounts. The Board finds that: (1) while it **does not** have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it **does not** have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, **the Board does have jurisdiction and authority to disburse funds from the Escrow Account** provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein.

4. **Prior Proceedings:**

- 4.1. (a) On December 18, 2007 the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Dickenson County on January 28, 2008, Deed Book 684, and Pages 0788 to 0801, Instrument Number 0800203. The Board executed its Supplemental Order Regarding Elections that was filed with the Clerk of the Circuit Court of Dickenson County on October 16, 2008, Deed Book 698, Pages 0001 to 0007 Instrument Number 0803122.
- 4.2. To the extent claims to the Gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to the Pooling Orders and testimony, the coal estate ownership interests of Range Resources-Pine Mountain Inc; and the gas ownership interests of Bobby C Rose Sr. in a portion of Tract 2, in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3. The Unit Operator's Miscellaneous Petition regarding a portion of Tract 2, a copy of which is attached to and made a part hereof, states under oath that Range Resources-Pine Mountain Inc. and the Applicants have entered into an agreement with regards to a portion of Tract 2 and that by the terms of the agreements, Range Resource-Pine Mountain Inc and Bobby C. Rose Sr. have entered into a split agreement regarding this tract and escrow regarding these individual conflicting claims detailed herein, is no longer required for these parties.
- 4.4. The Unit Operator gave notice to Range Resources-Pine Mountain Inc and the Applicants that the Board would consider its disbursement authorization at its hearing on January 19, 2010 and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to a portion of Tract 2 identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to a portion of said Tract 2 relative to the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) continue the escrow account under this docket number because there are other parties under this order subject to continued payments in the escrow.
- 4.5. The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. **Findings:**

5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 Applicant has certified and represented to the Board that:

- (1) Range Resources-Pine Mountain Inc. and Bobby C. Rose, Sr. in a portion of Tract 2; are the owners of the coal and gas acreage estate underlying a portion of VGOB Tract 2 of the Subject Drilling Unit VC-536517;
- (2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

VGOB Approved Disbursement
VGOB-07-1218-2100-01 Disbursement
VC-536517

			Frac Interest	Acreage Interest Disbursed	Split Agreement	Escrowed Acres Total	% of Escrowed Funds
Table 1							
Disbursement Table							
Item	Tract	A portion of Tract 2					
No							
Totals						2.9900	
Range Resources-Pine Mountain Inc.				2.99			
1	2	Range Resources-Pine Mountain Inc / Attn: Jerry Grantham / PO Box 2136/ Abingdon, VA		2.4917	25.0%	0.623	20.8333%
1	2	Bobby C. Rose Sr. / PO Box 1869 / Honaker, VA 24260		24917/29900	2.4917	75.0%	1.869
							62.5000%

6. Relief Granted:

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. Conclusion:

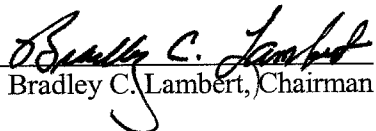
Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and **IT IS SO ORDERED.**

8. Appeals:

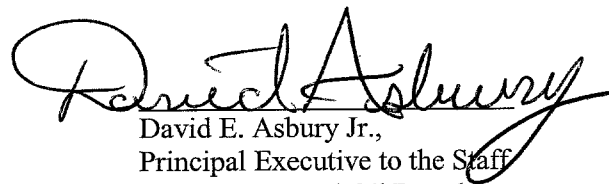
Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

9. **Effective Date:** This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 14 day of March, 2009 by a majority of the Virginia Gas and Oil Board.

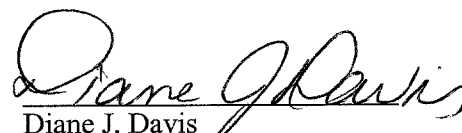

Bradley C. Lambert, Chairman

DONE AND PERFORMED this 14 day of March, 2009 by an Order of this Board.


David E. Asbury Jr.,
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF ~~WASHINGTON~~)

Russell
Acknowledged on this 14th day of March, 2009, personally before me a notary public in and for the Commonwealth of Virginia, appeared **Bradley C. Lambert**, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and **David E. Asbury Jr.**, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane J. Davis
Notary Public #174394

My commission expires: 09 / 30 / 2013



VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: EQT Production Company on behalf of Bobby C. Rose, Sr.
and Range Resources-Pine Mountain Inc.

DOCKET NUMBER: VGOB 07/12/18-2100-01

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds
on behalf of Bobby C. Rose, Sr. and Range Resources-Pine
Mountain Inc.

LEGAL DESCRIPTIONS: Drilling Unit Number VC-536517 created by Board
Order Dated January 15, 2008, VGOB - 07/12/18-2100,
in the New Garden Magisterial District, Dickenson County,
Virginia.

HEARING DATE: January 19, 2010

MISCELLANEOUS PETITION

1. Party: Applicants herein is Bobby C. Rose, Sr. (hereinafter "Plaintiffs), whose address P.O. Box 1192, Honaker, VA 24260 and Range Resources-Pine Mountain Inc., (hereinafter "Plaintiffs), whose address is P.O. Box 2136, Abingdon, VA 24212
2. Facts:
 - a. EQT was designated as the Operator and Applicants interests were Pooled in the VC-536517 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on January 15, 2008, pursuant to Docket No. VGOB - 07/12/18-2100, and recorded in the Circuit Court Clerk's Office of Russell County, Virginia on January 28, 2008, Deed Book 684, Page 0788 (hereinafter "Order").
 - b. The order and Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
 - c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not me made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.

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- d. Range Resources-Pine Mountain Oil and Gas, Inc. was a conflicting claimant with the above-listed Plaintiffs with regard to Tract 2, as created by Board Order as VGOB-07/12/18-2100, is the applicable Tract.
 - e. To resolve this conflict, a Letter dated August 28, 2009, signed by Ann Edmisten, Land Technician of Range Resources-Pine Mountain, is attached hereto and incorporated herein as Exhibit "A".
 - f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.
 - g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicants/Plaintiffs herein, accordingly.
 - h. Applicants/Plaintiffs herein do hereby request that the Board enter amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Range Resources-Pine Mountain, held in escrow for the VGOB number as listed above.
-
1. The Applicants certify that the matters set forth in the application, to the best of their knowledge, information, and belief, are true and correct and that the form and content of the Application and conform to the requirements of relevant Board regulations and orders.
 2. Legal Authority: Va. Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
 3. Relief Sought: Applicants request that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
 - a. Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
 - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicants/Plaintiffs herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
 - c. Directing the Operator to determine the amount of funds attributable to the Applicants/Plaintiffs herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicants/Plaintiffs herein for distribution.
 - d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicants/Plaintiff herein, and to discontinue the payment of such funds into Escrow.

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- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

Dated this 18th day of December, 2009.

By: 

Address: Wilhoit & Kaiser
220 Broad St, Ste. 210
Kingsport, TN 37660

CERTIFICATE

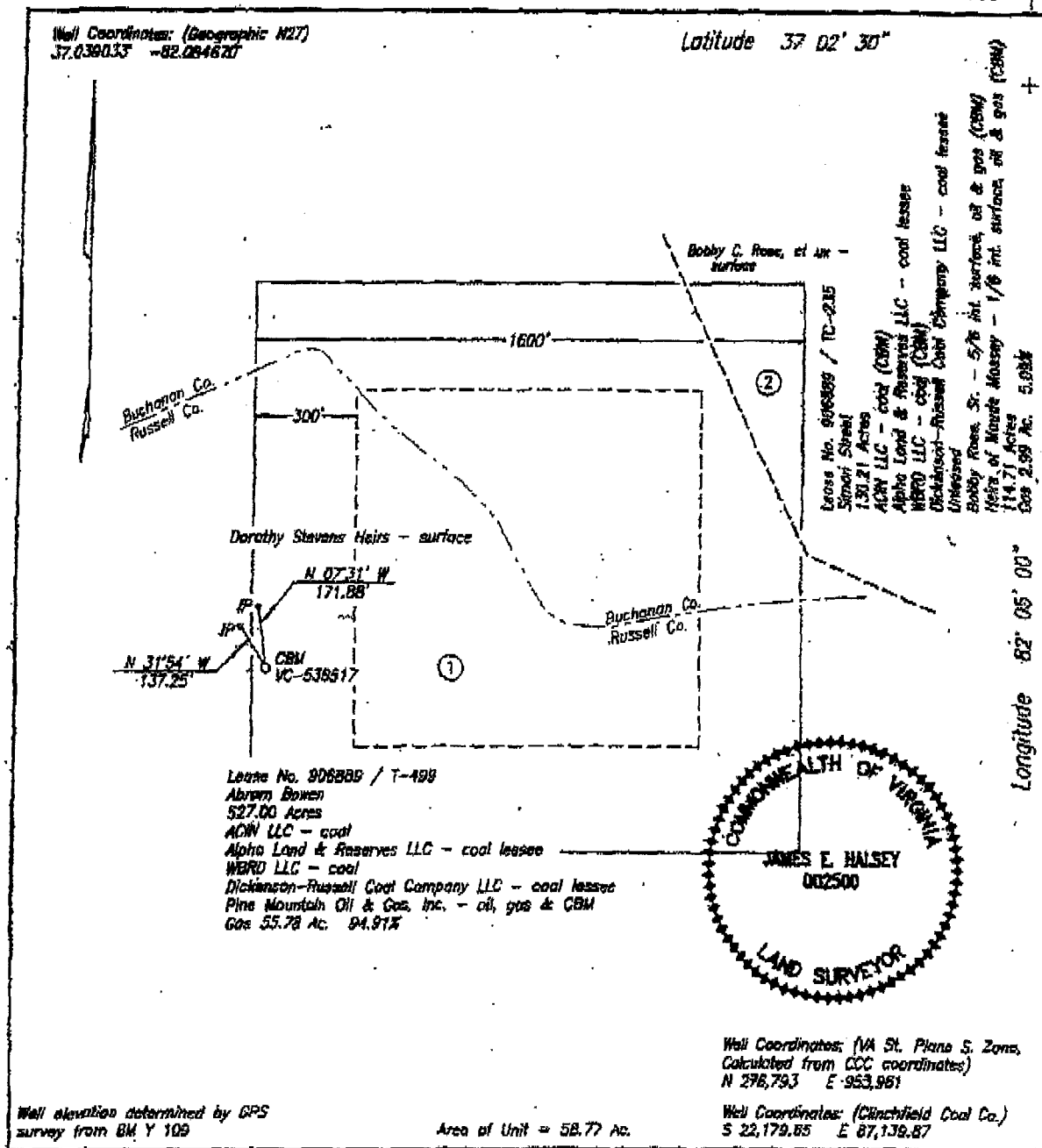
The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45.1-361.19.



Petitioner

BOOK 684 PAGE 6799

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COMPANY Equitable Production Company WELL NAME AND NUMBER VC-536517
TRACT NO. Lease No. 906889 / T-499 ELEVATION 2,336.02' QUADRANGLE Big A Mountain
COUNTY Russell DISTRICT New Garden SCALE 1" = 400' DATE 10-09-2007
This Plat is a new plat x; an updated plat ; or a final location plat
+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

James E. Halsey
Licensed Professional Engineer or Licensed Land Surveyor

**RANGE RESOURCES**

August 28, 2009

Ms. Kristie Shannon
EQUITABLE PRODUCTION COMPANY
225 North Shore Drive
Pittsburgh, PA 15212

RE: **Permanent Split of Royalty**
VC-536516 and other CBM Wells
9/10th interest in 114.71 Acre Tract
Buchanan County and Russell County, Virginia

Dear Ms. Shannon:

I enclose a copy of a letter dated August 3, 2009, between Range Resources - Pine Mountain, Inc. (hereinafter "RR-PM"), and Bobby Rose, Sr., wherein the parties have agreed to a 75% (for Bobby Rose, Sr.) /25% (for RR-PM) permanent split of escrowed royalty and all future royalty from the above wells that include a portion of the 114.71 acre lease. Please release the escrowed royalty to Bobby Rose, Sr., and RR-PM and begin making all future payments to the parties pursuant to their agreement.

By copy of this letter, I am notifying Bobby Rose, Sr., of RR-PM's action on this matter. If you have any questions or comments, please do not hesitate to contact me by phone at (276) 619-2644 or by e-mail at admisten@rangeresources.com.

Sincerely,

RANGE RESOURCES - PINE MOUNTAIN, INC.

Ann Edmisten, CLAS
Land Technician

Enclosure

cc: Bobby Rose, Sr.,
Wanda (PMOG) w/original enclosure
D. Louthian (PMOG) w/enclosure
P. Horn (PMOG) w/enclosure
R. Barrett (EPC) w/enclosure (rbarrett@eqt.com)



EXHIBIT "E"
VGOB - 07/12/18-2100
VC-536517
Unleased Owners/Claimants Requiring Escrow
12/8/2009

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
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Gas Estate Only

2	Heirs of Maude Massey Unknown/Unlocatable	Unleased	0.84833333%	0.4983	0.00106042
Total Gas Estate			0.84833333%	0.4983	0.00106042

Coal Estate Only

2	Pine Mountain Oil & Gas, Inc. Attn: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	Leased 906889 TC-235	0.84833333%	0.4983	0.00106042
Total Coal Estate			0.84833333%	0.4983	0.00106042

03-02-'10 13:12 FROM-Wilhoit & Kaiser
423-578-3833
T-501 P010/011 F-159

Wachovia**Contributions****Income**

06/09/08 Contribution 2.49
10/23/08 Contribution 32.89
10/30/09 Contribution 1,150.33
10/31/09 Income 0.01

06/09/08 Contribution 2.49
10/23/08 Contribution 32.89
10/30/09 Contribution 1,150.33

10/31/09 Income 0.01

**EQT Total
Contributions**

05/29/2008	0.00636250	2.49
09/10/2009	0.00636250	5.31
09/10/2009	0.00636250	13.79
09/10/2009	0.00636250	11.26
09/10/2009	0.00636250	14.13
09/10/2009	0.00636250	50.91
09/10/2009	0.00636250	38.79
09/10/2009	0.00636250	18.02
09/10/2009	0.00636250	52.77
09/10/2009	0.00636250	42.44
09/10/2009	0.00636250	20.15
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09/10/2009	0.00636250	49.01
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09/10/2009	0.00636250	35.52
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09/10/2009	0.00636250	(28.01)
09/10/2009	0.00636250	(10.03)
09/10/2009	0.00636250	27.68
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09/10/2009	0.00636250	35.26
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09/10/2009	0.00636250	6.52
09/10/2009	0.00636250	15.01
09/10/2009	0.00636250	13.86
09/10/2009	0.00636250	8.35
09/10/2009	0.00636250	17.26
09/10/2009	0.00636250	17.00
10/12/2009	0.00636250	12.54
10/12/2009	0.00636250	6.75
10/12/2009	0.00636250	13.30
		<u>1,185.71</u>

VGOB - 07/12/18-2100

VC-536517

TRACT NO.	OWNER NAME and ADDRESS	SPLIT %	OWNER NET INTEREST	TOTAL NET ESCROW INTEREST	TOTAL AMOUNT IN ESCROW 10/31/2009 Bank Total - \$1,185.71 Equitable Total - \$1,185.71	OWNER % IN ESCROW 10/31/2009 62.500000000%	OWNER AMOUNT IN ESCROW 10/31/2009 \$741.07
2	Bobby C. Rose, Sr. P.O. Box 2136 Honsaker, VA 24260	75%	0.00397625	0.00636250			
2	Pine Mountain Oil & Gas, Inc. Attn: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	25%	0.00132562	0.00636250		20.833333333%	\$247.02